

## CHAPTER 9

### PAYROLL AND PERSONNEL TRANSACTIONS

#### INTRODUCTION

The State Personnel Department has the responsibility of developing personnel rules and regulations; approving personnel transactions; and maintaining state personnel records. Additional responsibilities of State Personnel include maintaining eligibility lists, applications, testing, hiring, transfers, promotions, demotions, suspensions, and dismissals. For State Personnel's laws and Administrative Codes, Union Settlements, standardized policies, and other personnel related information, see State Personnel Department's web page at <http://www.in.gov/jobs/>. The site includes a list of telephone numbers for contacting State Personnel.

The Auditor of State issues the payroll warrants, disburses withholdings, and maintains the official state payroll records. All payroll personnel should have a copy of the State of Indiana Payroll Manual issued by the Auditor of State. This manual provides instructions and guidance on processing payroll through the Auditor's Office, including the proper forms to use and instructions for their completion.

#### PAYROLL MICROFICHE

The Auditor of State distributes payroll microfiche on a bi-weekly basis which corresponds with that agency's payroll. The following microfiche are generated for each pay period:

##### Gross to Net Register

This microfiche contains Current, Month to Date, Quarter to Date, and Year to Date totals for regular, overtime, and other hours (leave time, etc.), taxes withheld, net amount of warrant or deposit, and check number for each employee. The employees are listed alphabetically within each sub-agency. There are also totals by sub-agency.

##### Deductions/Other Earnings Register

This microfiche contains Current, Month to Date, Quarter to Date, and Year to Date totals for all deductions and other earnings. The employees are listed alphabetically within each sub-agency.

##### Hours Register

This microfiche contains Current, Month to Date, Quarter to Date, and Year to Date totals for regular and overtime hours worked, accrued and used vacation, sick, and personal leave, as well as available leave balances. The employees are listed alphabetically within each sub-agency.

##### Labor Distribution

This microfiche contains Current regular and total earnings, plus all State share benefit deductions including F.I.C.A. tax paid by the State of Indiana as an employer. The employees are listed by social security number within each sub-agency. This microfiche is designed to show the total expenses involved when employing and paying a State employee for a bi-weekly payroll cycle.

For additional information regarding payroll microfiche, please refer to the Payroll Manual or contact your Auditor of State payroll representative.

## ATTENDANCE REPORT (A-4)

The Employee's Attendance Report (A-4) is to be used for all employees paid through the Auditor of State's payroll system. If a different attendance report or recording method is used, it must be approved by the State Board of Accounts. It must include the same information as the A-4 and should facilitate the entering of data into the payroll system.

Every employee must submit an attendance report for each pay period. The attendance report is to be completed accurately, and be signed and dated by the employee. It should not be signed or dated before the last day worked in the pay period. If an employee is going to be on vacation or other approved leave on the last regular working day of the pay period, the employee should sign the attendance report on the last day worked. Attendance reports should be submitted by each employee in a timely manner so that submission of payroll to the Auditor's Office is not delayed.

Attendance reports may be electronically signed by the employee and electronically approved by the supervisor if the electronic process has been approved by the State Board of Accounts. Otherwise, if the attendance report is submitted by fax or electronically to the agency's payroll section to ensure timely submission of the payroll to the Auditor's Office, the official paper copy of the attendance report with the employee's original signature must be submitted to the agency's payroll section. The agency's payroll section must compare the official paper copy to the fax or electronically submitted attendance report. Any differences must be submitted to the Auditor's Office with the next payroll.

After being completed by the employee, the attendance report should be reviewed, signed, and dated by the immediate supervisor of the employee, or by another designated individual who has knowledge of the employee's attendance. The review should be done prior to submission of payroll to the Auditor's Office. If a different procedure is needed, contact the State Board of Accounts for assistance and approval.

## EMPLOYEE SERVICE RECORD

The State Employee Service Record (State Form 34400R) is an optional form that can be used to supplement the Auditor of State's records. A separate form is kept for each employee for each fiscal year. The record is posted from the employee's attendance report at the end of each pay period to show regular time worked, the accumulation and use of leave, and compensatory time. When properly maintained, this form gives an accurate picture of an individual's working time, compensatory time earned and used, and leave accumulation and use. This form can be beneficial when there is substantial compensatory time. Although this is an optional form, this information can be useful in the preparation of reports and internal management of personnel.

## OVERTIME COMPENSATION

### Overtime Eligible Employees

State employees who are subject to the federal Fair Labor Standards Act and/or are listed in 31 IAC 1-9-2 (d) (1), 31 IAC 2-11-2 (d) (1), Financial Management Circular 2002-01, or Financial Management Circular 2004-1, may be eligible to receive premium overtime compensation (i.e., be compensated for overtime at a time and a half rate) for working in excess of forty (40) hours a week. These individuals are commonly referred to as overtime eligible or "non-exempt." The Employee Attendance Report must reflect all overtime worked. Monetary compensation for overtime is to be paid along with the regular payment of wages for the pay period in which the overtime was worked.

Financial Management Circular 89-2 provides that prior approval of the State Personnel Department and the Budget Agency is not required when the overtime is needed to provide essential coverage (i.e., when necessary to ensure the health and welfare and/or safety of citizens, patients, inmates, residents and/or

Overtime eligible employees may be permitted to choose compensatory time off in lieu of monetary overtime compensation. State Personnel rules 31 IAC 1-9-2(g) and 31 IAC 2-11-2(g) cover compensatory time off and provide that, in most cases, compensatory time off accrued by overtime eligible employees must be taken prior to the end of the calendar quarter succeeding the quarter in which the additional hours were worked.

Special rules apply to law enforcement personnel, including Correctional Officers. See 31 IAC 1-9-2 (l) and 31 IAC 2-11-2 (l).

### Overtime Exempt Employees

State employees performing exempt work are not eligible for premium overtime compensation. Employees performing exempt work may only be paid monetary overtime compensation if the agency head receives prior approval from the State Personnel Department and Budget Agency, consistent with 31 IAC 1-9-2(d)(2), 31 IAC 2-11-2(d)(2) or Financial Management Circular 2004-2.

Agency heads may authorize compensatory time off for employees required to perform exempt work substantially beyond their normal work schedule. Compensatory time off for overtime exempt employees must be accrued and taken in accordance with the Financial Management Circular 2004-2.

To accrue compensatory time off, an exempt employee must receive prior approval from his/her supervisor to work on a specific task for a specific number of hours. Compensatory time off should not accrue for projects that will take less than four hours of overtime work. Compensatory time off must be used in half or whole day increments, except as otherwise provided in the Family and Medical Leave Act. No exempt employee may use more than three weeks of compensatory time off during a calendar year. The Employee Compensatory Time Worksheet (State Form 42386) should be completed and submitted with every attendance report in which compensatory time is earned or used. In addition, compensatory time earned or used must be reported on the Employee's Attendance Report. Accumulated compensatory time off may not be used after an exempt employee has given notice of her/his intent to terminate employment or transfer interagency. Upon termination or interagency transfer the exempt employee receives no compensation for accumulated compensatory time. All compensatory time used or earned must be posted to an attendance report (A-4).

### NEPOTISM

Indiana Code 4-15-7-1 prohibits the hiring of a relative (father, mother, brother, sister, uncle, aunt, husband, wife, son, daughter, son-in-law, daughter-in-law, niece or nephew) by any member of any state board or commission, or head of any state office, department or institution for which the relationship exist. Also, no persons related may be placed in a direct supervisory-subordinate relationship. Questions should be referred to the Office of Inspector General.

### GHOST EMPLOYMENT

Per Indiana Code 35-44-2-4, ghost employment occurs when a public servant knowingly or intentionally hires an employee but fails to assign duties related to the governmental unit. It also occurs when a government employee accepts property from a governmental unit for performance of duties not related to the operation of the unit. The Office of Inspector General should be contacted if you have any questions relating to ghost employment.

## CONFLICT OF INTEREST

Per Indiana Code 35-44-1-3, a public servant (which includes a state employee) who knowingly or intentionally has a pecuniary interest in or derives a profit from a contract or purchase connected with an action by the governmental entity served by the public servant has a conflict of interest subject to disclosure. A public servant has a pecuniary interest in a contract or purchase if the contract or purchase will result or is intended to result in an ascertainable increase in the income or net worth of the public servant. IC 35-44-1-3 (d) requires a disclosure of the conflict of interest be in writing to the government unit prior to action taken by the governmental unit. It also requires the written disclosure be submitted to the State Board of Accounts within 15 days after final action on the contract or purchases.

Due to their position of public trust, public servants should be extremely sensitive to any transactions that may cause concern of the taxpayers that either elected them or caused them to be appointed to or employed in a public office.

Please seek the written advice of your staff attorney or the Attorney General's office if you have any questions relating to IC 35-44-1-3.

The Uniform Conflict of Interest Disclosure Statement should be used for the required written disclosure. Contact the State Board of Accounts or the Ethics Commission for a copy.

**UNIFORM CONFLICT OF INTEREST DISCLOSURE STATEMENT****Indiana Code 35-44-1-3**

A public servant who knowingly or intentionally has a pecuniary interest in or derives a profit from a contract or purchase connected with an action by the governmental entity served by the public servant commits conflict of interest, a Class D Felony. A public servant has a pecuniary interest in a contract or purchase if the contract or purchase will result or is intended to result in an ascertainable increase in the income or net worth of the public servant or a dependent of the public servant who is under the direct or indirect administrative control of the public servant; or receives a contract or purchase order that is reviewed, approved, or directly or indirectly administered by the public servant. "Dependent" means any of the following: the spouse of a public servant; a child, stepchild, or adoptee (as defined in I.C. 31-3-4-1) of a public servant who is unemancipated and less than eighteen (18) years of age; and any individual more than one-half (1/2) of whose support is provided during a year by the public servant.

The foregoing consists only of excerpts from I.C. 35-44-1-3. Care should be taken to review I.C. 35-44-1-3 in its entirety.

1. **Name and Address of Public Servant Submitting Statement:** \_\_\_\_\_

\_\_\_\_\_

2. **Title or Position With Governmental Entity:** \_\_\_\_\_

\_\_\_\_\_

3. a. **Governmental Entity:** \_\_\_\_\_

b. **County:** \_\_\_\_\_

4. **This statement is submitted (check one):**

a. \_\_\_\_\_ as a "single transaction" disclosure statement, as to my financial interest in a specific contract or purchase connected with the governmental entity which I serve, proposed to be made by the governmental entity with or from a particular contractor or vendor; or

b. \_\_\_\_\_ as an "annual" disclosure statement, as to my financial interest connected with any contracts or purchases of the governmental entity which I serve, which are made on an ongoing basis with or from particular contractors or vendors.

5. **Name(s) of Contractor(s) or Vendor(s):** \_\_\_\_\_

\_\_\_\_\_

6. **Description(s) of Contract(s) or Purchase(s)** (Describe the kind of contract involved, and the effective date and term of the contract or purchase if reasonably determinable. Dates required if 4(a) is selected above. If "dependent" is involved, provide dependent's name and relationship):

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

7. **Description of My Financial Interest** (Describe in what manner the public servant or "dependent" expects to derive a profit or financial benefit from, or otherwise has a pecuniary interest in, the above contract(s) or purchase(s); if reasonably determinable, state the approximate dollar value of such profit or benefit.):

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(Attach extra pages if additional space is needed)

8. **Approval of Appointing Officer or Body** (To be completed if the public servant was appointed by an elected public servant or the board of trustees of a state-supported college or university):

I (We) being the \_\_\_\_\_ of  
(Title of Officer or Name of Governing Body)

\_\_\_\_\_ and having the power to appoint  
(Name of Governmental Entity)

the above named public servant to the public position to which he or she holds, hereby approve the participation to the appointed disclosing public servant in the above described contract(s) or purchase(s) in which said public servant has a conflict of interest as defined in Indiana Code 35-44-1-3; however, this approval does not waive any objection to any conflict prohibited by statute, rule, or regulation and is not to be construed as a consent to any illegal act.

_____	_____
_____	_____
_____	_____
Elected Official	Office

9. **Effective Dates** (Conflict of interest statements must be submitted to the governmental entity prior to final action on the contract or purchase.):

_____	_____
Date Submitted	Date of Action on Contract or Purchase

10. **Affirmation of Public Servant:** This disclosure was submitted to the governmental entity and accepted by the governmental entity in a public meeting to the governmental entity prior to final action on the contract or purchase. I affirm, under penalty of perjury, the truth and completeness of the statements made above, and that I am the above named public servant.

Signed: \_\_\_\_\_  
(Signature of Public Servant)

Date: \_\_\_\_\_

Within 15 days after final action on the contract or purchase, copies of this statement must be filed with the State Board of Accounts, Indiana Government Center South, 302 West Washington Street, Room E418, Indianapolis, Indiana, 46204-2765 and the Clerk of the Circuit Court of the county in which the governmental entity executed the contract or purchase. A copy of this disclosure will be forwarded to the Indiana State Ethics Commission.

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